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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 22, 2001

APPLICATION OF

APPALACHIAN POWER COMPANY

d/b/a AMERICAN ELECTRIC POWER

CASE NO. PST000001

For correction of assessment of
gross receipts taxes and for a
refund - Tax Year 2000

ORDER GRANTING REFUND

On November 22, 2000, Appalachian Power Company d/b/a American Electric Power ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") its Petition for Correction and Application for Refund (hereinafter "Petition") pursuant to § 58.1-2030 of the Code of Virginia. According to its Petition, the Company overstated its reported gross receipts for taxable year 1999, and it is entitled to a refund of state license tax in the amount of \$1,007,318.66 and to a refund of special regulatory revenue tax in the amount of \$54,539.58 for tax year 2000.

By Order for Docketing and for Notice of December 15, 2000, the Commission docketed this matter and directed Appalachian to give notice of its application to the Attorney General, the Comptroller of the Commonwealth, and the Tax Commissioner. The Company filed proof of service on January 3, 2001. In response

to the notice, the Tax Commissioner advised the Commission on January 19, 2001, that the Department of Taxation would not participate in any proceeding.

On February 2, 2001, Appalachian and the Commission Staff filed a joint Motion for Approval of Stipulation. In the Motion, the Company and the Staff noted that notice had been given and that no official would participate in the proceeding. The Company and Staff asked the Commission to accept a stipulation of facts, which would support a refund of overpayments of license and special tax.

Upon review of the record, the Commission finds that proper notice of the application for correction of assessments and for refund has been given. No officials have expressed an intention to participate in this proceeding, and Appalachian has moved for disposition of its application based on the joint stipulation of facts and without a hearing. Accordingly, the Commission finds that a hearing on this matter is not required.

The Commission will grant the joint motion to accept a stipulation, and we accept the accompanying stipulation of agreed facts. According to the stipulation, the Company overstated its gross receipts reported to the Commission as a result of errors in accounting for refunds mandated by this Commission and the Federal Energy Regulatory Commission. The Staff and Appalachian reached agreement on the correct amount of

taxable gross receipts and the correct tax assessments. The Commission accepts these computations. Accordingly, the Commission finds that:

(1) For tax year 2000, the Company reported gross receipts of \$710,849,207 subject to the state license tax and the special regulatory revenue tax.

(2) The Commission assessed state license tax of \$6,887,042.14 and special regulatory revenue tax of \$1,279,528.57 for tax year 2000, which the Company paid.

(3) The Company overstated the gross receipts subject to the state license tax and the special regulatory revenue tax; the Company should have reported gross receipts of \$660,483,274.

(4) Using the corrected gross receipts, the Company is liable for state license tax of \$5,879,723.48 and special regulatory revenue tax of \$1,224,988.99 for tax year 2000.

(5) A refund of state license tax for tax year 2000 of \$1,007,318.66 and a refund of special regulatory revenue tax for tax year 2000 of \$54,539.58 should be made.

ACCORDINGLY, IT IS ORDERED THAT:

(1) As provided by § 58.1-2032 of the Code of Virginia, Appalachian's application for review and correction of assessments for tax year 2000 and for a refund is granted.

(2) Appalachian's assessment of state license tax for tax year 2000 is corrected to \$5,879,723.48.

(3) Appalachian's assessment of special regulatory revenue tax for tax year 2000 is corrected to \$1,224,988.99.

(4) As provided by § 58.1-2032, a refund of the overpayment of state license tax of \$1,007,318.66 is certified to the Comptroller of the Commonwealth.

(5) As provided by § 58.1-2032, a refund of the overpayment of special regulatory revenue tax of \$54,539.58 is certified to the Comptroller of the Commonwealth.

(6) The refunds certified in (4) and (5) are without interest.

(7) The Commission's Public Service Taxation Division and Office of Comptroller shall promptly prepare required documents and provide necessary information to the Comptroller of the Commonwealth for payment of the refunds certified in (4) and (5). The refunds shall be made to Appalachian Power Company, Taxpayer Identification No. E-540124790, and sent to Raymond K. Totten, Appalachian Power Company, P.O. Box 2021, Roanoke, Virginia 24022-2121.

(8) This case is dismissed from the Commission's docket.